

**SECTION 230—PREPARATION AND SUBMISSION OF THE ANNUAL PROGRAM  
PERFORMANCE REPORT, INCLUDING THE PERFORMANCE REPORT PORTION OF A  
PERFORMANCE AND ACCOUNTABILITY REPORT**

**Highlights for the FY 2003 Program Performance Report  
and Section Index**

**Highlights**

- The Cabinet Departments and nine major independent agencies must combine their performance report with their accountability report, and transmit the combined report for FY 2003 by January 30, 2004. The performance and accountability report for FY 2004 is to be transmitted by November 15, 2004.
- Most independent agencies must transmit their program performance report for FY 2003 by February 27, 2004.

**Main Section Index**

- 230.1 Preparing the performance and accountability report or the annual program performance report.
- 230.2 What does the annual program performance report contain?
- 230.3 Sending the annual program performance report to the President and Congress.

**230.1 Preparing the performance and accountability report or the annual program performance report.**

**(a) *In general.***

The annual performance report provides information on your actual performance and your progress in achieving the goals in your strategic plan and performance budget.

You prepare one annual report for a fiscal year. Missing or incomplete program performance data for the fiscal year is included, as it becomes available, in a subsequent year's annual report. Performance information for past years is also included in your annual performance budget.

**(b) *Combining the annual performance report and the annual accountability report.***

OMB Bulletin 01-09 (September 25, 2001) on the "Form and Content of Agency Financial Statements" requires the Cabinet Departments and nine independent agencies to combine the program performance report with the accountability report. See [OMB BULLETIN NO. 01-09—Form and Content of Agency Financial Statements](#) for further information on the accountability report.

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The combined FY 2003 Performance and Accountability Report is to be transmitted to the President, Congress, and OMB not later than January 30, 2004. All other independent agencies prepare an annual performance report. The annual performance report for FY 2003 is transmitted to the President, Congress, and OMB by February 27, 2004.

Agencies preparing a performance and accountability report should note that the transmittal date for the FY 2004 report is November 15, 2004.

Program performance information derived from the annual performance report is not subject to new or additional audit requirements as a consequence of its being included in the accountability report or the financial statement

(c) *Combining the annual performance report with the performance budget.*

Agencies not required to prepare a performance and accountability report may combine their annual performance report with their performance budget. The performance budget (with the annual report) should be incorporated in the agency Congressional justification.

(d) *Including actual performance information in the performance budget.*

A performance budget includes actual performance data for the fiscal year covered by the report, and three prior fiscal years. The data should be taken from the annual performance report. However, the timetable for preparing an annual performance report may result in some performance data not having been collected or analyzed when the report is completed. The performance budget should include all available actual performance data, including data omitted from the annual performance report because it was not available earlier.

The November 15 transmittal date for future year performance and accountability reports precedes the transmittal of the President's budget. Potentially, this may require the agency to omit certain information from the performance and accountability report, as it would be considered to be privileged and cannot be publicly released prior to transmittal of the President's budget. This omitted information is included in the agency performance budget.

(e) *Coverage of programs assessed using the Program Assessment Rating Tool (PART)*

OMB is assessing the effectiveness of Federal programs using the PART. The performance and accountability report or the annual performance report includes information on every PART program assessed as part of budget formulation for the fiscal year covered by the report. For example, the Performance and Accountability Report for FY 2004 would include information on all PART assessments done during the summer and fall of 2002 as the FY 2004 budget was prepared.

The PART information should be updated to reflect actual performance for the fiscal year. The PART information may also cover actions taken affecting the program and its performance in the succeeding fiscal year. Please note that the succeeding fiscal year is the current year column in the budget, not the budget year.

**230.2 What does the annual program performance report contain?**

(a) *Required elements.*

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Your annual report must include the following elements:

- A comparison of your actual performance with the projected (target) levels of performance as set out in the performance goals in your annual performance budget (or your annual performance plan for fiscal years prior to FY 2005);
- An explanation, where a performance goal was not achieved, for why the goal was not met;
- A description of the plans and schedules to meet an unmet goal in the future, or alternatively, your recommended action regarding an unmet goal where you have concluded it is impractical or infeasible to achieve that goal;
- An evaluation of your performance budget (although use the FY 2004 performance plan for the FY 2003 report) for the current fiscal year, taking into account the actual performance achieved in the fiscal year covered by your report;
- An assessment of the reliability and completeness of the performance data included in the report; and
- Actual performance information for at least four fiscal years.

(b) *Comparing actual performance to performance goal target levels.*

Your agency's annual report must state the actual performance for every performance goal in your annual performance budget (or, as applicable, your performance plans for FY 2003 and 2004).. Actual performance is reported as it occurred during the fiscal year covered by the report. For some programs, this performance may have resulted from spending prior year monies during the fiscal year. The annual report also includes actual performance for any goals that were discontinued after the fiscal year covered by the report.

If the alternative form (i.e., a non-quantified measure) was used to define a performance goal, the annual report matches actual performance to the corresponding performance criteria set out in the form. The description of actual performance must allow an accurate, independent determination to be made of whether such performance met the criteria specified in the form, or how it otherwise compared to the goal as stated.

At the time a performance report (or a combined performance and accountability report) is sent to the President and Congress, actual performance information may not be available, or the available information may be incomplete or preliminary. The annual report should identify those performance goals where actual performance information is missing, incomplete, or preliminary. For such goals, the annual report should indicate the approximate date when actual performance information, sufficient to make an accurate comparison with performance goal target levels, will be available. Once available, the actual performance information and the comparison between actual and target performance is included in a subsequent annual report. (This information may be included in the agency Congressional justification.)

(c) *Providing an explanation for non-achievement of a performance goal.*

If a performance goal was not achieved, your annual report must explain why it was not met. There are two types of explanation: specific and generic.

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A specific explanation is included if goal non-achievement is significant and material. A specific explanation should show an understanding of why a performance shortfall occurred, and the consequences. The specific explanation should also support actions you are taking to eliminate or reduce future shortfalls for this goal.

Agencies may apply the following criteria when determining if a specific explanation is required. A specific explanation should always be provided if:

- The manager(s) of the program, activity, or component experiencing a performance shortfall alerts or informs senior agency officials about actual performance levels, and the implications of these levels on overall program accomplishment; or
- The manager(s) took or is taking substantive action to address the shortfall in performance; or
- Performance levels for future years are being adjusted downward to reflect actual performance levels; or
- Outside parties will likely conclude that the non-achievement was significant and material.

A generic explanation is provided if the difference between the goal target level and actual performance is slight. An agency may use the following language for its generic explanation: the performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

If actual performance data shows that a goal was not met, but the explanation for why the goal was not met or a description of steps being taken to meet the unmet goal in the future cannot be completed by the time of transmittal, the data are included in the report and marked as preliminary. The following year's annual report will include the data and the deferred explanation and next steps.

(d) *Agency plans and schedules for achieving an unmet goal in the future*

For every performance goal whose target level was not achieved and a specific explanation was provided, a description of the actions the agency is taking to achieve the goal in the future is included. A schedule for these actions is also included. The actions and schedule may cover only the current fiscal year, if included in a performance and accountability report, and future fiscal years, if included in an annual program performance report. Information on future fiscal years should be included in the performance budget for agencies filing performance and accountability reports.

A description of the actions being taken, and the accompanying schedule, may be omitted for an unachieved goal where external factors (such as a natural disaster) or entities (such as another country) were the sole cause for non-achievement, and the agency lacks the capacity or authority to affect these factors or entities.

An agency may conclude, based on actual performance, that a performance goal cannot be achieved in the future. For such goals, the annual report explains why a particular goal is no longer practical or feasible, and recommends a course of action for the goal. These actions may include discontinuing or adjusting the goal.

(e) *Evaluating performance goal levels in the current year performance budget relative to actual performance during the past fiscal year.*

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As you prepare your annual report, the performance information you collect may be used to make further adjustments to your annual budget for the current fiscal year. You may do so if actual performance information is available near the end of the fiscal year covered by the annual report. These adjustments are made at the time a Congressional justification incorporating the performance budget is prepared. The annual report should identify every change to performance goals in the performance budget for the current fiscal year that primarily stem from this assessment of effects.

(f) *Assessing the completeness and reliability of performance data.*

The Reports Consolidation Act of 2000 specifies that your annual report contain an assessment of the completeness and reliability of the performance data included in it. The assessment describes any material inadequacies in the completeness and reliability of the data, and any actions the agency can take and is taking to resolve the inadequacies.

Performance data that is not acceptably reliable is characterized as being materially inadequate. The annual report should identify any performance goals for which the available performance data are materially inadequate, along with a brief reason for why the data are inadequate. The annual report should briefly cite any actions being taken by the agency to remedy a material inadequacy.

(g) *Fiscal year coverage.*

Your annual reports for fiscal year 2003 and future years should include actual performance information for the fiscal year covered by the report, and at least three prior fiscal years.

You may cease reporting actual performance information for prior years for any goal that is discontinued.

Comparisons between actual performance and performance goal target levels are not included for prior fiscal years, unless the comparison was deferred because of the unavailability of the performance data in a prior year's annual report, or the analysis of actual performance was not completed.

Agencies having actual performance information for more than three prior fiscal years may include this information if it will be useful in reviewing performance trends.

(h) *Other elements and features of an annual report.*

These elements and features may selectively apply to your agency. Any that do not apply are omitted from your annual report.

*Program evaluations.* Your report includes a summary of the findings and recommendations of the program evaluations completed during the fiscal year. If no evaluations were completed, the report should note such. For more information on program evaluations, see question 2.6 of the PART guidance for the FY 2005 Budget at <http://www.whitehouse.gov/omb/part/>.

*Information on use of non-Federal parties.* GPRA states that preparation of an annual report is an inherently government function. Your report should include an acknowledgment of the role and a brief description of any significant contribution made by a non-Federal entity in preparing the report.

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Classified appendices not available to the public. An agency with a classified appendix for its annual performance budget may also prepare a similar classified appendix for its annual report. Agencies should not need to prepare a non-public appendix for certain law enforcement or revenue collection activities in their annual report. Retrospective reporting of actual performance for these activities should not interfere with achieving current or future goals for the same activities. However, if an agency believes that reporting of actual performance will impede current or future goal achievement, a non-public appendix may be prepared. The agency should contact its OMB representative for approval prior to preparing such an appendix.

*Budget information.* In your annual report, you should include relevant budget information, consistent with the obligation amounts shown in the Budget Appendix for the fiscal year covered by the report. The annual report does not present comparisons between the amounts originally requested for a fiscal year and the amounts actually obligated.

(i) *Format.*

There is no prescribed format for the annual report. Your agency is encouraged to include, from your strategic plan, a summary of your mission statement and your general goals and objectives.

The report's design should provide for easy and quick access through the World Wide Web.

**230.3 Sending the annual program performance report to the President and Congress.**

There are two dates for submitting your annual report:

For the 24 departments and agencies preparing a combined FY 2003 Performance and Accountability Report, the combined report must be transmitted no later than January 30, 2004

For all other independent agencies, your annual report must be transmitted no later than 150 days following the end of the fiscal year covered by the report. The FY 2003 and subsequent year reports will be due by February 27 of the year following the end of the fiscal year.

Your annual report is sent to the President and Congress and the Director of OMB. The report must be transmitted by the head of your agency.

Your transmittal letters to Congress are addressed to the Speaker of the House of Representatives and the President and President pro tempore of the Senate. Copies of the Congressional transmittal are sent to the chairmen and ranking minority members of the budget committees, relevant authorization and oversight committees, appropriation subcommittees, and the chairman and ranking minority member of the Senate Committee on Governmental Affairs and the House Government Reform Committee.

Following its transmittal to the President and Congress, your agency's annual report should be made available to the public. You should use electronic means to make the report quickly and readily accessible, such as by posting it on your agency's website.

The Reports Consolidation Act of 2000 requires that an agency merging the annual performance report with its accountability report send the combined document to the President, Congress, and the Director of OMB. The combined document is titled the Performance and Accountability Report. A performance and accountability report is sent by the agency head. An agency may add other signatories, such as the Chief

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Financial Officer, to the transmittal of a performance and accountability report, thus recognizing a shared responsibility within the agency for the performance reported and any future performance commitments.

If you choose to combine your annual report with your annual performance budget, changes to your customary distribution for the Congressional justification may be needed.

